FIRST

ANNUAL REPORT

(For the Fiscal Year Ending March 31, 1987)

THE MANITOBA LAW FOUNDATION

THE MANITOBA LAW FOUNDATION

203-219 Kennedy Street
Winnipeg, Manitoba
Canada, R3C 1S8
(204) 947-3142

The Honourable Roland Penner, Q.C.,
Attorney-General for the Province of Manitoba,
Legislative Building,
Winnipeg, Manitoba.

Dear Mr. Attorney:

RE: Fiscal Year Ended March 31, 1987

I have the honour to submit to you, in accordance with sub-section 67 (1) of The Law Society Act, the first Annual Report of The Manitoba Law Foundation.

Financial Statements of the Foundation for the year ended March 31, 1987, were prepared by the Foundation's auditors, Deloitte, Haskins + Sells, Chartered Accountants, whose report, dated June 3, 1987, is enclosed herewith. Also enclosed is a copy of a letter dated June 4, 1987 from Deloitte, Haskins + Sells to The Manitoba Law Foundation recording the results of a review of the accounting procedures and systems of internal control of The Manitoba Law Foundation for the period ending March 31, 1987. Both the Financial Statements and the Review of the accounting procedures and systems of internal control of the Foundation were approved by the Board of the Foundation on Wednesday, June 17, 1987.

I am pleased to set out below a number of comments on the financial results and other transactions and information regarding the completed fiscal year, and subsequent activities.

Establishing the Foundation

The Foundation came into existence by way of an Act to amend The Law Society Act, (hereinafter referred to as "the Act" or "the legislation") which was proclaimed on October 23, 1986. Pursuant to that legislation the affairs of the Foundation are to be managed by a Board of ten persons. Five of the Directors (including the Chair and Vice-Chair) are appointed by the Attorney-General; three are appointed by The Law Society of Manitoba; one by the Manitoba Branch of The Canadian Bar Association; and, one by the Dean at the Faculty of Law from among the members of the Faculty.

The Directors first appointed continue to serve at present as the Directors of the Foundation. They are as follows:

Appointed by the Attorney-General

Jack R. London, Q.C. (Chairperson)
Eleanor Thompson (Vice-Chairperson)
Sister Bernadette O'Reilly
Victor Schwartzman
Marta Smith

Appointed by The Law Society of Manitoba

Knox B. Foster, Q.C.
Jack Duncan, Q.C.
Hymie Weinstein, Q.C.

Appointed by the Manitoba Branch of The Canadian Bar Association

Allan P. Cantor, Q.C.

Appointed by the Dean of the Faculty of Law

D. Trevor Anderson, Q.C.

The Board met twelve times between October 16, 1986 and June 17, 1987. Eight of those meetings took place prior to March 31, 1987. By-laws of the Foundation were promulgated and enacted by the Board pursuant to Section 58 of the Act. Banking arrangements were effected with the Canadian Imperial Bank of Commerce, Head Office, and signing authorities established.

From the outset, the Board determined that given the importance of the Foundation to the Province of Manitoba, it was absolutely imperative to maintain a long range perspective on the development of the Foundation which required that in the early years of its existence the Foundation proceed cautiously and surely so as to establish a stable base to the long term benefit of Manitobans.

Legislative and Contractual Obligations of the Foundation

Section 54 of the Act establishes the objectives of the Foundation which are to encourage and promote:

a) Legal education;
b) Legal research;
c) Legal aid services;
d) Law reform;
e) The development and maintenance of law libraries.

The powers of the Foundation, established by Section 55 of the legislation allow the Foundation to:

a) Receive the interest earned on trust accounts and paid to it under the Act;

b) Receive any gift, grant or bequest made to it from any source; and

c) Invest any portion of its funds not immediately required for its purposes.

To date the Foundation has deferred the acceptance of gifts, grants or bequests until such time as it is in a position administratively to do so effectively and the implication of the receipt of such donations on the taxable status of the Foundation can be better clarified.

By virtue of sub-section 56 (1) of the legislation the Foundation is mandated annually to make certain grants to The Legal Aid Services Society of Manitoba and The Law Society of Manitoba. Moreover, prior to the proclamation of the legislation, the Government of the Province of Manitoba and The Law Society of Manitoba entered into a Memorandum of Understanding which had the objective of regulating the granting policy of the Foundation for a three year period commencing with the fiscal year ended March 31, 1987. In particular, mandatory beneficiaries of annual grants during this three year period include the Public Interest Law Department of The Legal Aid Services Society of Manitoba, the Legal Aid Clinic at the Faculty of Law, University of Manitoba, the Manitoba Law Reform Commission, the Manitoba Association for Rights and Liberties, the Manitoba Branch of The Canadian Bar Association, and The Legal Research Institute of The University of Manitoba. The Memorandum also purports to regulate certain other features of the fiscal and administrative functioning of the Foundation.

The Foundation was not a party to the Memorandum of Understanding, nor was the Memorandum of Understanding referred to in the legislation creating the Foundation. However, the Foundation from its inception, knowing the intention of the parties and wishing to honour the good will which had so well been developed amongst the various participating groups, decided to honour the commitments and observe the terms of the Memorandum of Understanding as though it were party thereto and bound by that memorandum. As will be seen later in this report, it is now proposed to entrench the memorandum as part of the legislation, retroactive to the inception of the Foundation.

Transfer of Funds

As of October 23, 1986 the Province of Manitoba transferred to the Foundation the sum of $2,585,067.00 representing interest received on lawyers' trust accounts between April 1, 1985 and October 22,1986. Subsequently, a further amount of $110,993.00 was transferred from the Province of Manitoba to the Foundation representing an estimate of interest earned on investments while the funds were maintained by the Government of Manitoba between April 1, 1986 and October 22, 1986. Reference should be made to Note 3 of the Notes to the Financial Statements of the Foundation.

Thereafter, interest on lawyers' trust accounts accrued directly to the benefit of the Foundation, though collected by the Province. Arrangements will be put in place to ensure that funds flow directly to the Foundation as soon as is conveniently possible.

Foundation Staffing

The Board of the Foundation determined early on that the Foundation would require administrative staffing. Through the good offices of the Deputy Attorney-General, arrangements were made for the secondment to the Foundation of Brian W. Arnason who, inter alia, for so many years had maintained excellent and vigilant care of trust account interest on behalf of the Department of the Attorney-General. Mr. Arnason's secondment as Acting Executive Director of the Foundation was effected on a full time basis as of December 15, 1986, for a six month period. Since, that secondment has been extended to August 31, 1987. Concurrently, the Board authorized a search process, including widespread advertising, for the permanent full time position of Executive Director of the Foundation. That search resulted in the appointment of Dr. William K. Greenaway, part time as of June 15, 1987, and full time as of September 1, 1987, as Executive Director of the Foundation. A copy of the press release detailing Dr. Greenaway's background is attached hereto.

The Foundation is deeply indebted to Brian Arnason for his interest, hard work and significant progress in the early development of the Foundation's administrative capacity. His accomplishments are too numerous to detail fully. He established the offices of the Foundation, hired its first support staff person, Gini Lauder, set up the accounting and office procedures of the Foundation (both of which were attested to positively by the Foundation's auditors in their letter of June 4, 1987 attached hereto), ensured timely and effective collection and investment of funds, and completed the

negotiations of leasing arrangements with The Law Society of Manitoba. During his term as Acting Executive Director Mr. Arnason's contribution to the long term benefit of the Foundation cannot be overestimated.

Office Space

After due consideration, arrangements were made for the Foundation to lease appropriate space in a building owned by The Law Society of Manitoba. The lease, which has a renewable one year term, is for the space commonly known as 203 - 219 Kennedy Street, Winnipeg, Manitoba, R3C 1S8. Under the terms of the lease the Foundation has both its own private offices and also has rights to share in and use the general spaces and equipment of The Law Society of Manitoba. The arrangement has worked well to date.

Investment

Until such time as the Foundation is in a position to have considered more carefully and cautiously a long term strategy in investment policy, it was determined by the Board that the Foundation invest its funds in short term investments on deposit with the Province of Manitoba. Reference may be had to Notes 2 and 4 of the Financial Statements of the Foundation for the year ended March 31, 1987. Interest earned on investments for the period beginning October 23,1986 to March 31, 1987 amounted to $108,627.00. It is to be noted that this reflects less than a full year of activity. The average annualized yield for the period was 8.06%. Moreover, it is to be noted that interest rates have declined significantly even during the short existence of the Foundation.

Proposed Amendments to the Legislation and Memorandum of Understanding

During the course of the year, as a result of amicable and collegial discussions between representatives of the Foundation, The Law Society of Manitoba and the Department of the Attorney-General, a number of matters were identified as requiring further legislative action on the part of the Province of Manitoba and further contractual agreement on the part of the Province of Manitoba and The Law Society of Manitoba. Consequently, and consensually, Bill 38, An Act to Amend The Law Society Act, has been introduced by The Honourable Attorney-General during the second session of the thirty-third Manitoba Legislature. The Bill will result in a number of changes and clarifications in the obligations and responsibilities of the Foundation. More importantly, the provisions of the Bill will clarify, and more firmly establish, the

functioning of the Foundation in future. Of particular note is the provision which will include the Memorandum of Understanding between the Government of the Province of Manitoba and The Law Society of Manitoba (itself amended) as a schedule to The Law Society Act. In that way, the Foundation will become formally bound by, and entitled to rely on the terms of the Memorandum of Understanding. Additionally, the amendments will clarify the appropriate mandated percentages of total trust account income payable to the beneficiaries designated under sub-section 56 (1) of the legislation and under the Memorandum of Understanding. Moreover, there will be added to the list of guaranteed grantees, a further grant to The Law Society of Manitoba with regard to the Law Phone-In Program.

It is significant to note that, by virtue of Section 7 of Bill 38, the legislation, as amended including the scheduled Memorandum of Understanding, is intended to have retroactive effect and will be deemed to have been in force on from and after October 23, 1986. Though at the 1987 year end of the Foundation, and at the date of the filing of this annual report, the legislation has not been proclaimed, we have proceeded as though the Bill had already been enacted. Moreover, as disclosed in Note 5 to the Financial Statements hereto attached, the Financial Statements have been prepared on the assumption that the amendments will be effected. The Note discloses that had the Financial Statements been prepared based on the legislation in effect at March 31, 1987, grants allocated and undisbursed would have been decreased by $26,400.00.

Financial Highlights

Reference is made to the Financial Statements of the Foundation for the period October 23,1986 to March 31, 1987, the Auditors' Report to the Board of Directors dated June 3, 1987 and the further Auditors' Report of the review of the accounting procedures and systems of internal control of the Foundation dated June 4, 1987. A number of resulting comments are to be noted.

Schedule I to the Financial Statements entitled "Schedule of Grants Allocated and Undisbursed", sets forth the activity of the Foundation in that regard for the period October 23, 1986 to March 31, 1987. Ongoing commitments are reflected in Note 6 of the Financial Statements.

With the exception of the grant of $20,000.00 to the E. K. Williams Law Library (University of Manitoba), all grants shown on Schedule I as having been allocated, whether or not disbursed, represent grants required to be made without exercise of discretion on the part of the Foundation, either by virtue of

sub-section 56 (1) of The Law Society Act or paragraph 2 of the Memorandum of Understanding. The grant to the E. K. Williams Law Library represents the only discretionary grant allocated by the Foundation in that year. All other applications for grants, or for information concerning granting policies of the Foundation, were deferred until such time as the Foundation was able to develop equitable granting guidelines and the terms of the legislation and Memorandum of Understanding could be clarified. The application of the E. K. Williams Law Library at the University of Manitoba was treated exceptionally on the basis of representations made to the Board as to a near state of financial emergency existent in the law library; because of the promise of matching funds which would otherwise have been lost to the library system; and, because maintenance of law libraries is a specifically mandated objective under Section 54 of the Act.

The Foundation is currently developing guidelines and principles to inform its operations and granting procedures in future years.

At a meeting of the Board held on June 17, 1987, a decision was taken to transfer, to a long term capital reserve account, the sum of $300,000.00 out of the unallocated revenue for the period ending March 31, 1987 which amounted to $422,818.00. The balance of $122,818.00 will comprise funds available for purposes of discretionary granting in the fiscal year ending March 31, 1988. In the foreseeable future a part of each year's annual revenue will be dedicated to building the long term capital reserve account.

These decisions reflect the desire of the Board to establish a firm, safe and stable base and policy for the long term benefit of the Foundation and the benefit of Manitobans. A number of reasons explain the decision to create a substantial capital reserve. The Foundation is at the mercy of interest rates; as rates fall so does the income, and therefore the granting capacity, of the Foundation. With increasing technological capability on the part of the financial institutions, the Foundation must be concerned that, increasingly monies may be placed in individual accounts from which the client will benefit from interest earnings, rather than being placed in a mixed trust account, the interest on which would accrue to the benefit of the Foundation. Moreover, it is the desire of the Board of the Foundation to establish defensible fiscal policies, at a time before expectations have been magnified, so as to protect and maintain a core revenue base in future years. Accumulation of a substantial reserve is consistent with the policy of all law foundations in Canada.

General Comments

The Chairperson wishes to thank each member of the Board, our Administrative Secretary, Gini Lauder, and our Acting Executive Director, Brian Arnason, for the time, effort and dedication that they have given to the affairs of the Foundation.

Moreover, both the Chairperson and the Foundation are deeply appreciative of the efforts, generosity and energy of the Attorney-General, the Deputy Attorney-General, Tanner Elton, and his staff, notably Tom McMahon, in facilitating the birth of the Foundation and its progress in this first fiscal period. Manitobans, both inside and outside the legal community, will owe them a long term debt of gratitude. Similarly, the Chairperson and the Foundation are deeply appreciative of the collegiality and cooperation of the members of The Law Society of Manitoba, in particular its Chief Executive Officer Graeme Garson, Q.C., who have gone out of their way to help the Foundation as it has begun to develop.

The Foundation will continue to consider the most appropriate ways in which to maximize its revenue yield and to distribute the available funds in order to satisfy its statutory and community obligations. It will continue to be cautious in its endeavours in order to ensure that it creates favourable and long lasting precedents for the years and opportunities to follow. Though many will be anxious for the Foundation to focus its efforts on current needs and demands, the Foundation will continue to resist the temptation for current, temporary popularity in order to establish a sound, long term fiscal base for the Foundation and for the province.

The Board of Directors of the Foundation, and its staff, believe that they have conscientiously performed their duties and responsibilities in administering the Foundation's funds in order to best serve the people of the Province of Manitoba. They intend to continue to do so.

All of which is respectfully submitted.

Jack R. London, Q.C.
Chairperson

June 18, 1987.

THE MANITOBA LAW FOUNDATION

203-219 Kennedy Street
Winnipeg, Manitoba
Canada, R3C 1S8
(204) 947-3142

FOR IMMEDIATE RELEASE

THE MANITOBA LAW FOUNDATION ANNOUNCES APPOINTMENT OF EXECUTIVE DIRECTOR

The Chairperson of the recently created Manitoba Law Foundation, Jack R. London, Q.C. today announced the appointment of William Kenneth (Bill) Greenaway as the Executive Director of the Foundation. Dr. Greenaway's appointment is effective June 15, 1987. He will be in place full time on September 1, 1987.

"The Foundation is fortunate to have such a distinguished individual at its head in these early days of its existence", said London. "It is important to build a solid foundation for the future and to set the Foundation on a course which will be to the long term benefit and pride of Manitobans both inside and outside of the legal community".

Dr. Greenaway, who is 45 years of age, has a rich background of professional and community service. He received an A.B. (with distinction) in 1964 from Bradley University; his Masters in Sociology in 1970 from Wayne State University and his Ph.D. in Sociology from Wayne State University in 1972. He received his Bachelor of Laws from the University of Manitoba in 1983.

From 1965 to 1969 he was a Probation Officer in the Ontario Probation Service. From 1970 to 1973 he was an instructor in the Social Science Program and the Department of Sociology, Wayne State University in Detroit, Michigan and for a portion of that period of time he was also a Research Associate at the Essex County Family Service Bureau in Windsor, Ontario. From 1970 to 1973 he was an Assistant Professor in the Department of Sociology at Acadia University in Nova Scotia. From 1973 to 1982 he was an Associate Professor of Sociology at the University of Winnipeg and Chairman of the Department of Sociology at that University from 1976 to 1980. After being called to the Manitoba Bar in 1984, he has carried on a general practise of law in Manitoba, with concentration in corporate and commercial matters. Since 1986 he has been the President of Blackstone Consulting Ltd. which provides research and evaluation services for projects having a socio-legal aspect. The corporation also was involved in educational programs with a legal component, including pre-retirement seminars and small business development.

THE MANITOBA LAW FOUNDATION

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Dr. Greenaway has also had work experience as a professional musician (string bass); a newspaper columnist; radio broadcaster, commentator and program consultant for CBC and a number of independent stations in the United States. He has been a consultant to the Department of Justice, Manitoba League of the Physically Handicapped, The United Way of Winnipeg, The Manitoba Law Reform Commission, Manitoba Probation Services, Winnipeg Folklorama Festival, Manitoba John Howard and Elizabeth Fry Societies and to The Solicitor General of Canada. He has authored and published a number of articles, studies and books.

He is a member of The Canadian Bar Association, Manitoba Bar Association and The Law Society of Manitoba. He is counsel to The Western Association of Sociologists and Anthropologists and the Honorary Solicitor to The Manitoba Coalition of Organizations Against Apartheid. He is also a member of the Manitoba Municipal Board.

Dr. Greenaway's duties with the Foundation will involve setting in place initiatives to fund, encourage and promote innovative public and private programs in legal education, legal research, legal aid services, law reform and law libraries. Funding for the Foundation is provided primarily from the interest paid on lawyers' client trust accounts in the Province.

Dr. Greenaway replaces Brian W. Arnason, who had been seconded to the Foundation from the Department of the Attorney-General. The Foundation is extraordinarily thankful to Mr. Arnason for his leadership and administration he provided during his tenure as Acting Executive Director, during which time the basic systems and orientation of the Foundation were put in place and a solid base for the future was established.

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Jack London can be reached at 474-6152.
Bill Greenaway can be reached at 284-6965.

Deloitte
Haskins–Sells

Suite 2100
360 Main Street
Winnipeg, Manitoba R3C 3Z3
(204) 949-1370

The Manitoba Law Foundation
209 - 219 Kennedy Street
Winnipeg, Manitoba R3C 1S8

June 4, 1987

Attention Mr. J. R. London, Q.C.
Chairperson

Dear Sirs:

We recently completed a review of the accounting procedures and systems of internal control as part of our examination of the financial statements of The Manitoba Law Foundation for the period October 23, 1986 through March 31, 1987.

We present for your consideration our comments and recommendations concerning the following matters:

INTERNAL CONTROL

Due to the small number of staff, it is imperative that the existing internal controls are maintained. In this respect, we note the following:

1. No presigned cheques should be prepared. All disbursements should be reviewed by both cheque signers and the cheques should be signed only after reviewing the supporting documentation.

2. In order to ensure that the Foundation is recording all interest it is entitled to receive from financial institutions, the executive director should perform the following functions:

   (a) Ensure that the listings which indicate from which law firms interest has been or has not been received are updated regularly to provide for changes in the complement of law firms practising in Manitoba.

   (b) Determine from the above list, the law firms for which there is no interest being received and investigate the reasons therefor.

   (c) Review the listings of cash received from each law firm periodically to ensure interest has been received for all periods for which the financial institution normally pays during the year. Consideration should be given to expanding these records to include the dollar amount of interest received. This would facilitate comparison with prior periods and provide a basis for investigation of major variances.

INTERNAL CONTROL (continued)

(d) In order to ensure funds are being correctly deposited, interest noted as received on the listing should be periodically tested to corresponding duplicate deposit slips appropriately stamped by the bank.

3. It was noted that cheques currently received by the Foundation from financial institutions are made payable to several different entities. Financial institutions should be informed as soon as possible that all cheques should be made payable to the Foundation.

MINUTES

In order to improve control over the disbursement of funds, all grant payments should be approved in the minutes.

Further, all purchases in excess of $2,500.00 should be approved in the minutes including, when possible, the amount of the purchase.

INVESTMENTS

The Foundation should establish an investment policy which will provide for an adequate and competitive rate of return and which is consistent with the Foundation's cash flow requirements. These policies should be in writing.

FIXED ASSETS

A subsidiary record should be maintained of all capital purchases which details the description, cost, date purchased, and serial number where applicable.

This record should be compared to the actual assets on hand on a periodic basis. It will also be useful for purposes of assessing the adequacy of insurance coverage.

PROCEDURE MANUALS

Currently, there are no procedure manuals in existence which outline the day-to-day activities required to be performed by staff of the Foundation.

A procedures manual should be completed which would set out the responsibilities of each employee and the duties they are to perform. This would not only aid in the transition of staff changes but would also ensure that all duties required to be performed are being performed.

We would be pleased to discuss the above points with you at your convenience.

Yours very truly,
DELOITTE HASKINS & SELLS

R. G. Hester, C.A.
Partner

Deloitte
Haskins+Sells

Chartered Accountants

THE MANITOBA LAW FOUNDATION

Financial Statements
for the Period October 23, 1986 to March 31, 1987
and Auditors' Report to the Board of Directors

Deloitte
Haskins + Sells

Suite 2100
360 Main Street
Winnipeg, Manitoba R3C 3Z3
(204) 949-1370

AUDITORS' REPORT

To the Board of Directors of
The Manitoba Law Foundation:

We have examined the balance sheet of The Manitoba Law Foundation as at March 31, 1987 and the statement of revenue, expenditures, grants and unallocated revenue for the period October 23, 1986 through March 31, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Foundation as at March 31, 1987 and the results of its operations for the period then ended in accordance with the basis of accounting described in Note 2 to the financial statements consistently applied.

Deloitte Haskins & Sells

Chartered Accountants

June 3, 1987

75 Building on Seventy-Five Years of Client Service

THE MANITOBA LAW FOUNDATION

STATEMENT OF REVENUE, EXPENDITURES, GRANTS AND UNALLOCATED REVENUE

PERIOD OCTOBER 23, 1986 TO MARCH 31, 1987

REVENUE	
Contributions from the Province of Manitoba (Note 3)	$2,696,060
Interest received on lawyers' trust accounts	1,270,291
Interest earned on investments	108,627
	4,074,978
EXPENDITURES	
Administrative	
Advertising	2,260
Bank charges	101
Board fees	7,840
Courier	105
Furniture and fixtues	14,498
Meeting expenses	632
Office, postage and telephone	7,106
Salaries and staff benefits	10,417
Travel	155
	43,114
EXCESS OF REVENUE OVER EXPENDITURES	4,031,864
GRANTS ALLOCATED DURING THE YEAR - Schedule 1	3,609,046
UNALLOCATED REVENUE	$ 422,818

THE MANITOBA LAW FOUNDATION

BALANCE SHEET

MARCH 31, 1987

ASSETS

CASH	$ 4,102
SHORT-TERM INVESTMENTS - at cost (Note 4)	2,118,121
ACCRUED INTEREST ON INVESTMENTS	10,059
	$2,132,282

LIABILITIES

ACCOUNTS PAYABLE	$ 2,098
GRANTS ALLOCATED UNDISBURSED (Note 5) - Schedule 1	1,707,366
	1,709,464
UNALLOCATED REVENUE	422,818
	$2,132,282

THE MANITOBA LAW FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1987

1. NATURE OF THE FOUNDATION

The Manitoba Law Foundation was established by Act of the Legislative Assembly of Manitoba and was assented to October 23, 1986. The Foundation receives interest earned on solicitors' trust accounts and from these funds makes grants to organizations specified in the Act, the Memorandum of Understanding between the Government of the Province of Manitoba and The Law Society of Manitoba and grants to other organizations at the discretion of the Board of Directors.

The objects of the Foundation, as set out in the Act, are to encourage and promote:

(a) legal education;
(b) legal research;
(c) legal aid services;
(d) law reform; and
(e) the development and maintenance of law libraries.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Interest on lawyers' trust accounts

Interest on lawyers' trust accounts is recorded in the Foundation's accounts when received.

The Law Foundation assumes that solicitors who hold funds in trust for or on account of clients comply strictly with Section 30.2 of the Law Society Act.

(b) Interest on short-term investments

Interest on short-term investments is recorded in the accounts on the accrual basis.

(c) Fixed assets

Expenditures for the purchase of furniture and fixtures are expensed in the year of acquisition.

(d) Grants

Pursuant to proposed Section 56(1) of The Law Society Act, grants equal to 50% and 16.67% of the interest received on lawyers' trust accounts annually or $1,007,629 and $335,383 respectively whichever is greater, is to be paid to The Legal Aid Services Society of Manitoba and The Law Society of Manitoba respectively. Provision for such grants is recorded annually in the Foundation's accounts. In the event there are insufficient funds to meet these commitments grants will be calculated on a pro rata basis and will be deemed to be in full satisfaction of the grant obligation.

Grants other than as described above are recorded in the Foundations's accounts in the year of authorization.

THE MANITOBA LAW FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1987

3. CONTRIBUTIONS FROM THE PROVINCE OF MANITOBA

During the period the Foundation received funds from the Province of Manitoba representing the following:

Interest received on lawyers' trust accounts	
April 1, 1985 - March 31, 1986	$1,446,680
April 1, 1986 - October 22, 1986	1,138,387
Interest earned on investments - April 1, 1986 - October 22, 1986	110,993
	$2,696,060

In accordance with a memorandum of understanding between the Province of Manitoba and The Law Society of Manitoba regarding transitional provisions, grants equal to 75% and 25% of the $1,446,680 in interest receipts above have been paid to The Legal Aid Services Society of Manitoba and The Law Society of Manitoba respectively during the period.

4. SHORT-TERM INVESTMENTS

Short-term investments comprise funds on deposit with the Province of Manitoba with maturities ranging from April 6, 1987 through August 24, 1987 at interest rates ranging from 6.8% to 8.25%.

5. GRANTS ALLOCATED AND UNDISBURSED

These financial statements are prepared based on an Act currently before the Manitoba Legislature which has not yet been passed by the legislature but will be retroactive to October 23, 1986. Had the financial statements been prepared based on the legislation currently in effect, grants allocated and undisbursed would have been decreased by $26,400.

THE MANITOBA LAW FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1987

6. FUTURE COMMITMENTS

In addition to the Legal Aid and Law Society grants specified in the Act (see Note 2(d), the following grants are to be allocated for each of the 1987/1988 and 1988/1989 fiscal years:

	Fiscal Year Ended March 31,	
	1988	1989
Public Interest Law Department of The Legal Aid Services Society of Manitoba	$200,000	$200,000
Legal Aid Clinic (Faculty of Law - University of Manitoba)	60,000	60,000
Manitoba Association for Rights and Liberties	25,000	25,000
Legal Research Institute of the University of Manitoba	50,000	50,000
Law Phone-In Program	40,000	-
Manitoba Law Reform Commission	100,000	100,000
Manitoba Branch of The Canadian Bar Association	25,000	25,000
	$500,000	$460,000

The Law Phone-In Program grant is subject to a ceiling of 2.08% of interest received on lawyers' trust accounts in the preceding year.

In the event there are insufficient funds to meet these commitments grants will be calculated on a pro rata basis and will be deemed to be in full satisfaction of the grant obligation.

SCHEDULE 1

THE MANITOBA LAW FOUNDATION

SCHEDULE OF GRANTS ALLOCATED AND UNDISBURSED

PERIOD OCTOBER 23, 1986 TO MARCH 31, 1987

	Allocated	Undisbursed
The Legal Aid Services Society of Manitoba	$2,289,350	$1,204,340
The Law Society of Manitoba	763,196	401,526
Public Interest Law Department of The Legal Aid Services Society of Manitoba	200,000	-
Legal Aid Clinic (Faculty of Law - University of Manitoba)	60,000	-
Manitoba Association for Rights and Liberties	25,000	-
Manitoba Law Reform Commission	100,000	-
Legal Research Institute of the University of Manitoba	50,000	-
E. K. Williams Law Library	20,000	-
Manitoba Branch of The Canadian Bar Association	25,000	25,000
Law Phone-In Program	76,500	76,500
	$3,609,046	$1,707,366

Although undisbursed funds are allocated in the current year, the obligation to disburse these funds applies to the following year.